SENATE RECORD VOTE ANALYSIS

106th Congress — April 15, 1999, 2:01 p.m.
1st Session — **Vote No. 86** — Page S-3765 Temp. Record

BUDGET RESOLUTION/Conference, Passage

SUBJECT: **Conference report to accompany the House Concurrent Budget Resolution for fiscal years 2000-2009 . . . H.Con. Res. 68. Agreeing to the conference report.**

ACTION: CONFERENCE REPORT AGREED TO, 54-44

SYNOPSIS: The conference report to accompany H.Con. Res. 68, the House Concurrent Budget Resolution for fiscal years 2000-2009: will cut the debt held by the public (money that the Federal Government owes to creditors other than itself) in half over 10 years; will save the entire $1.8 trillion in Social Security surpluses over the next 10 years for Social Security; will fully fund Medicare, with annual funding doubling over 10 years (all of the President's proposed $9 billion in Medicare cuts were rejected; as a result, this budget will allow $20.4 billion more in Medicare spending over the next 10 years than proposed by the President); will save the entire $1.8 trillion in Social Security surpluses over the next 10 years for Social Security; will provide for $777.9 billion in net tax relief over the next 10 years (in contrast, the President's budget would increase the tax burden by $96 billion net over 10 years), and will adhere to the spending restraints (discretionary spending caps and pay-go provisions) of the bipartisan budget agreement as enacted in the Balanced Budget Act of 1997 and the Taxpayer Reform Act of 1997 (the President's proposed budget, in contrast, would dramatically increase spending in violation of that bipartisan agreement, and would result in $2.2 trillion more in total Federal debt at the end of 10 years than proposed in this Senate budget). After tax relief is provided, the on-budget surplus over 10 years will still be $92 billion; that money will be available for additional debt reduction or to pay for high priority items, such as the costs of Medicare reform or the costs of emergency spending.

Debt held by the public. $2.7 trillion more will be collected in taxes over the next 10 years than is needed for current spending plans. $1.8 trillion of that amount will be from Social Security surpluses. A major premise of this conference report is that those surpluses will be protected by creating a lockbox that will use the funds only for Social Security reforms or saved for Social Security by reducing the debt held by the public. The "lockbox" would consist of budget mechanisms that would make it difficult to add back to the debt held by the public for any purpose other than obtaining funds for Social Security. For most of the past 30 years the Federal Government has spent more money than it has collected in all taxes, including payroll taxes. To spend that extra money it has borrowed

(See other side)

YEAS (54)

Republicans (54 or 100%)

Abraham, Allard, Ashcroft, Bennett, Bond, Brownback, Bunning, Burns, Campbell, Chafee, Cochran, Collins, Coverdell, Craig, Crapo, DeWine, Domenici, Enzi, Fitzgerald, Frist, Gorton, Gramm, Grams, Grassley, Gregg, Hagel, Hatch, Helms, Hutchison, Inhofe, Jeffords, Kyl, Lott, Lugar, Mack, McCain, McConnell, Murkowski, Nickles, Roberts, Roth, Santorum, Sessions, Shelby, Smith, Bob, Smith, Gordon, Snowe, Specter, Stevens, Thomas, Thompson, Thurmond, Voinovich, Warner

Democrats (0 or 0%)

NAYS (44)

Republicans (0 or 0%)

Democrats (44 or 100%)

Akaka, Baucus, Bayh, Biden, Bingaman, Boxer, Breaux, Bryan, Byrd, Cleland, Conrad, Daschle, Dodd, Dorgan, Durbin, Edwards, Feingold, Feinstein, Graham, Harkin, Hollings, Inouye, Johnson, Kennedy, Kerrey, Kerry, Kohl, Landrieu, Lautenberg, Leahy, Levin, Lieberman, Lincoln, Mikulski, Murray, Reed, Reid, Robb, Rockefeller, Sarbanes, Schumer, Torricelli, Wellstone, Wyden

NOT VOTING (2)

Republicans (1)

Hutchinson-[2]

Democrats (1)

Moynihan[-3AN]

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

money by selling Treasury notes. That borrowed money is called debt held by the public. Currently, the Federal Government owes $3.628 billion in such debt. Any person, corporation, or government may purchase Treasury notes. Total Federal debt, called the public debt, also includes money that the Federal Government owes to itself. Most of that debt is due to the operation of trust funds. When the Federal Government imposes a tax or fee for a particular purpose, and does not spend all of the money raised in a year on that particular purpose, it buys Treasury notes with the surplus and puts the notes into a "trust fund." The money goes to the Treasury general fund. Thus, trust funds do not hold cash, they hold Treasury notes, which, if and when they are redeemed, must be redeemed by taking money from the general fund. Transfers between the general fund and trust funds are intragovernmental transfers that do not affect the budget. The budget is only affected when funds go into or out of the government; crediting one government fund and debiting another by an equal amount does not have a budget effect by itself. The current public debt is $5.645 billion. The public debt is capped by statute, but the debt held by the public is not capped.

Reconciliation instructions. Reconciliation instructions in a budget resolution direct authorizing committees to suggest changes to direct (mandatory) spending and revenues in order to meet the assumed revenue and spending levels. In this case, one reconciliation bill will be considered to provide tax relief totaling $142.3 billion through fiscal year 2004 and $777.9 billion through 2009(see the tax reduction reserve fund below). After providing this tax relief, there will still be an estimated on-budget surplus of $92 billion (this amount is lower than estimated in the Senate bill largely because the conference report does not accept the Senate assumption that several savings provisions adopted in the 1997 balanced budget agreement would be extended).

Budget rules.

- a committee report and any accompanying statement of managers for legislation containing proposed nondefense emergency spending will have to provide a justification for why an emergency designation is required; certain criteria will have to be met for an emergency designation; a point of order will lie against a designation that does not meet the criteria; a three-fifths majority (60) vote will be required to waive that point of order; the point of order will sunset when the fiscal year 2001 budget is adopted;
- the conference report contains a clarification that the current pay-as-you-go prohibition on increasing the deficit with new mandatory spending does not apply to proposals that decrease on-budget surpluses ("on-budget" refers to all Federal receipts minus all Federal expenditures, except for receipts and expenditures of Social Security and the Post Office); and
- a point of order will lie against any revision to this resolution or to the fiscal year 2001 budget resolution, or any amendment thereto or conference report thereon, that sets forth a deficit for any fiscal year; a simple majority vote could waive that point of order; the point of order will not apply to adjustments made for legislation that enhances retirement security through structural programmatic reform (see below for a description of the reserve fund for retirement security and other reserve funds).

Function priorities. In addition to overall totals, budget resolutions contain totals for broad function categories. They do not dictate the amounts to be spent on specific programs, but they are based on assumptions of spending levels. Those spending levels may be based in part on assumed changes to current law. Additionally, revenue assumptions may be made based upon assumed changes to current law. Key assumptions in this resolution include that full funding will be provided for transportation and that there will be large funding increases for defense, education, the National Institutes of Health, and for veterans' health care ($1.7 billion more than requested will be provided for such health care; for related debate, see vote No. 63). Also, the conference report intends that $3 billion of the tax relief will be to help families with child care, and $3 billion of the on-budget surplus in the second 5 years will be spent on the Child Care and Development Block Grant Program (for related debate, see vote Nos. 74 and 85).

Reserve funds. If a budget resolution does not include changes in revenues or outlays for subsequent tax or spending legislation that may be enacted, a mechanism called a "reserve fund" can be added to the resolution that will allow the Budget Committee Chairman to make adjustments to it after it has passed in order to accommodate such legislation, if necessary. Reserve funds have usually been included in budget resolutions either to approve the consideration later in the year of tax-and-spend proposals by Democrats or tax-relief/spending-cut proposals by Republicans. Without reserve funds, such proposals are subject to 60-vote points of order, even if they do not violate the "paygo" (deficit neutrality) requirement for tax and mandatory spending proposals. Tax cuts cannot be paid for with spending cuts, unless approved in a reserve fund, because such approval would trigger a 60-vote point of order against considering proposals that would lower projected revenues below the revenue floor set in the budget resolution. Similarly, new entitlement spending cannot be paid for with new taxes, unless approved in a reserve fund, because such approval would trigger a 60-vote point of order against entitlement spending in excess of the aggregate mandatory outlay ceiling set in the budget resolution. Reserve funds allow the floor and the ceiling to be changed, respectively, and, thus, avoid the points of order.

This budget resolution contains several reserve funds:

- a reserve fund for retirement security, that will allow totals in the resolution to be adjusted to accommodate changes required by the passage of legislation that will enhance retirement security through structural programmatic changes;
- a reserve fund for Medicare, that will allow totals in the resolution to be adjusted to accommodate changes required by the passage of legislation that will implement structural Medicare reform and significantly extend Medicare's solvency without the transfer of new subsidies from the Treasury general fund; such legislation may include the provision of a prescription drug benefit;
- a 5-year, $6 billion reserve fund for agricultural assistance, though that assistance may not cause a net increase in budget authority or outlays in fiscal year 2000 or a net increase in budget authority for any of fiscal years 2000-2004;
- a tax reduction reserve fund;
- a deficit-neutral reserve fund for employment programs for individuals with disabilities;

- a reserve fund to allow totals to be adjusted should an on-budget surplus result this year; and
- a reserve fund to allow adjustments for legislation to give local educational agencies more Individuals with Disabilities Act funding, provided that funding does not cause a net increase in budget authority or outlays over FYs 2000-2004 or FYs 2000-2009.

Sense-of-the-Senate, Sense-of-the-House, and Sense-of -the-Congress statements include the following:

- Congress will pass legislation creating a Social Security lockbox that will prevent Social Security funds from being used for any purposes other than to pay for Social Security benefits or reforms, or saved for Social Security by reducing the debt held by the public (see vote No. 58);
- Congress should enact legislation that will consolidate 31 Federal kindergarten through secondary education programs;
- the full promised funding for the Individuals with Disabilities Act should be given before new education programs are funded;
- the Federal Government will not directly invest Social Security funds in private financial markets (see vote No. 60);
- Congress will not adopt the President's proposed cuts in Medicare, nor will it transfer new IOUs to Medicare's trust fund that will have to be redeemed later by raising taxes, cutting spending, or borrowing more money from the public; Congress should work in a bipartisan fashion to reform Medicare, building on the work of the Bipartisan Medicare Commission (see vote No. 65);
- funding will be increased for various Federal higher education programs;
- funds will not be provided to put the Kyoto Protocol into effect prior to Senate ratification;
- the President's proposal to change the distribution of transportation funds will be rejected; and
- additional funding will be authorized for the Farmland Protection Program (see vote No. 68).

Those favoring passage contended:

This is the twenty-fifth budget resolution since the passage of the Budget Act. It is only the second budget resolution that has been passed by the April 15th deadline. We are pleased that Members on both sides of the aisle have worked to put this budget together quickly. There is bipartisan agreement on some of the principles of this resolution; on others, there are real differences of opinion; on others we believe the objections we have heard are based more on politics than policy. This budget, like all budgets, only charts a course. If the course followed by this budget is followed, we will save all of the Social Security surpluses for the next 10 years for Social Security, we will consider Medicare reform this year, we will adhere to the spending caps of the Balanced Budget Agreement of 2 years ago, we will increase defense, veterans health care, education, and health research spending, and we will provide tax relief for working American families.

The first, most critical element of this budget resolution is that it will retain all of the $1.8 trillion in Social Security surpluses that are going to be generated over the next 10 years for Social Security. When Social Security collects more in a year than it will pay in benefits, it uses the surplus, by law, to purchase Treasury notes. The surplus money goes to the general fund of the Treasury. That money then can be spent or it can be saved. If it is saved, it is not put in a bank pass-book savings account to collect a couple of percent interest nor is it gambled in the stock market. Instead, it is used to pay down the debt held by the public (on which the Government is paying interest). If we succeed in saving the $1.8 billion in surpluses for Social Security, in 10 years, when the program begins paying out more in benefits than it collects in taxes, the United States will be in a much stronger economic position to make up the difference. The hard part will be in ensuring that the debt held by the public will actually be reduced. Currently there is no cap on such debt. A major premise of this conference report is that a "lockbox" will be created that will make it very difficult to spend the Social Security surpluses on any purpose other than retirement security reforms or reducing the debt held by the public. The language on retirement security reforms was added in conference. Many Democrats have expressed a supposed fear over this language. They are being inconsistent. Before we had this language, they complained that the resolution "only" saved the surpluses but did not address the possibility of making structural reforms that would ensure the program's long-term solvency. Now that we have added language that will make the consideration of such legislation in order, they are darkly warning that Republicans are intent on destroying Social Security. This claim is ridiculous, and our colleagues know it. No Social Security reform will be enacted unless it is bipartisan. All this language does is preserve the option, should Democrats decide they are willing to discuss the issue seriously. We hope that our colleagues will not use this supposed fear as an excuse to oppose a lockbox, which would then give them the opportunity to squander the Social Security surpluses.

The next major element of this conference report is that it will provide substantial tax relief. Under current spending plans, as set forth in the balanced budget agreement of a couple of years ago, the Federal Government will collect $2.7 trillion more in taxes than it will spend over the next 10 years. As already noted, $1.8 trillion of that excess will be from Social Security. For the remaining $900 billion, this conference report proposes giving back $800 billion of the extra money collected to the American people (the rest will be saved for debt reduction or high priority items, such as Medicare reform or emergency spending). We strongly favor that tax relief. Americans are already taxed at the highest level in history. When Federal, State, and local taxes are combined, they are paying more in taxes than they are for food, clothing, and shelter combined. According to the Congressional Research Service, an average American family is going to pay $5,370 more in taxes over the next 10 years than will be needed if the Federal Government just sticks to its current spending levels for programs. Under these circumstances, we think that it is a better idea to give back the extra money to the American people than it is to try to come up with new ways of spending it.

The big problem is going to be stopping Democratic, and some Republican, proposals to fritter away the surpluses. With large surpluses, there will be a temptation to say that a proposal will "only" cost a few billion or a few tens of billions or a couple of hundred billions of dollars and that there will still be plenty of money to save for Social Security or to give back in tax relief. Many such proposals were made when the Senate considered its version of the budget resolution, and those proposals will doubtless multiply when the Senate gets to the appropriations bills. In many ways, managing a surplus is more difficult than managing a deficit. When the country was in dire economic circumstances, it was easier to convince more liberal Members, with their natural predilection to always increase taxes and spending, that it was in the country's best interest that they exercised a little restraint. Now that times are good, though, liberals seem to have the opinion that the country can afford to spend a lot more money.

Compounding the difficulties that we are going to have over the next year in restraining spending and cutting taxes is the fact that some Democrats believe that our balanced budget and present prosperity are due to the largest tax increase in history that they passed, without any Republican support, in 1993 (occasionally, a few Democrats will grudgingly suggest that the nearly as large tax increase in 1990, that they coerced then-President Bush into signing, also helped). This belief is bizarre. After the 1990 tax hike the country dipped into a mild recession; the economy was recovering when the 1993 tax hike was enacted, and the economic expansion slowed; the economy remained sluggish for 2 years, but took off as soon as Republicans took over Congress and began to enact reforms; finally, when Republicans enacted a tax cut that was nearly as large as the 1993 tax hike, the economy grew even more rapidly and deficits plummeted. From this short, recent history of tax cuts, we do not know how anyone could conclude that the huge 1993 tax hike was responsible for getting the budget balanced and for the huge economic growth of the last several years.

That conclusion is even more nonsensical when one looks at all of the other major changes that affected the economy in the 1990s. For instance, the blow from the 1993 tax hike was considerably softened by the fact that the huge yearly deficits from paying off the Savings and Loan debacle stopped at the same time that tax hike was enacted. More recently, Republicans overcame a several year battle with Democrats to enact a major welfare reform bill, and they managed to get a balanced budget and tax cut plan enacted that was paid for entirely with spending cuts. Those large changes in fiscal policy contributed to the country's economic growth, resulting in greater tax collections even as tax rates were cut. Another factor which helped the economy grown in the 1990s was continued bipartisan support for free trade policies. Moving away from Congress, we note that the stable money supply that has been maintained by the Federal Reserve has greatly contributed to the country's prosperity and that business restructuring greatly increased business' efficiency and profits. Other factors that have helped the United States' economy include the increasingly socialist policies of other countries (which have caused capital to flee to the United States), continued low energy prices, and just plain luck that no major wars have drained resources. Do Democrats think any of the above had anything to do with the budget coming into balance and the continued economic growth? No, they seem to think that nothing at all happened this decade except that they managed to enact the largest tax hike in history. In speech after speech, Democrats have bragged that their record-high tax hike in 1993 has done it all. Given that they genuinely seem to believe that the only route to prosperity is through higher taxes, it is not going to be easy to get tax cuts enacted. Instead, Democrats are going to press for spending increases.

The battles over the coming months will primarily be to protect the Social Security surpluses with a strong lockbox and to provide tax relief with the additional surpluses that will accrue. If we fail, the surpluses, including the Social Security money, will be spent. Beyond any doubt this budget resolution is based on the understanding that spending cuts will be made in many programs. It is based on the bipartisan agreement of just 2 years ago that planned for spending restraint. We have prosperous times now, and we should take advantage of that fact by cutting the debt held by the public in half, protecting Social Security, laying the framework under which Medicare reforms may be passed, giving back the excess taxes that will be collected, and holding government spending in check. This budget resolution sets forth a blueprint for meeting all of those objectives. We strongly support its passage.

Those opposing passage contended:

We have five main reasons for opposing this conference report. First, it not only does not save Social Security, it threatens it by creating a mechanism that will allow its funds to be spent on "retirement security." We suspect that undefined term may mask a plan to privatize the program or in some other way radically restructure or eliminate it. Second, it does not add money to Medicare. We are going to have large surpluses over the next 10 years; the best possible use for those surpluses would be to extend the solvency of the Medicare program. Third, it is fiscally dangerous. It will enact tax cuts that will grow in size over the years based on 10-year projections of continued prosperity. That type of optimistic assumption could result in huge deficits in the outyears if there is an economic downturn. In 1993, Democrats courageously joined with President Clinton in enacting the largest tax hike in history. Republicans warned darkly that enacting that tax hike, which was on wealthy Americans, would sink the economy. They were wrong. It balanced the budget and led to sustained economic growth. Fourth, its priorities are offensive. The tax hikes will benefit wealthy Americans at the same time as the needs of sick, elderly Americans on Medicare are ignored. Fifth, it proposes extreme, dangerous cuts in government programs. We applaud our Republican colleagues for proposing higher spending in a few areas, but, overall, they have proposed drastic cuts. In real terms, this budget is going to require cuts of about 11 percent in most Federal programs. As a practical matter, our Republican colleagues have to know that there is no possible way that Democrats will ever agree to such cuts. The President will veto any bills that propose them, and those vetoes will be sustained. We fear that we are heading for another government shutdown and that the compromise that will be agreed to will be to cut taxes and continue spending. That compromise will result in massive deficit spending. This budget is dangerous. We urge its rejection.